

BANK INDONESIA REGULATION  
NUMBER 20/12/PBI/2018  
ON  
AMENDMENT TO BANK INDONESIA REGULATION  
NUMBER 20/5/PBI/2018 ON MONETARY OPERATION

BY THE BLESSINGS OF THE ALMIGHTY GOD

BANK INDONESIA GOVERNOR,

Considering : a. that to implement monetary policies, Bank Indonesia issues domestic non-deliverable forward transaction as one of monetary operation instruments;

b. that with the issuance of domestic non-deliverable forward transaction as a monetary operation instrument, a regulation is necessary on implementation mechanism of the domestic non-deliverable forward transaction;

c. that based on the foregoing considerations set forth in letter a and letter b, it is necessary to stipulate Bank Indonesia Regulation on Amendment to Bank Indonesia Regulation Number 20/5/PBI/2018 on Monetary Operation;

Observing : 1. Law Number 23 of 1999 on Bank Indonesia (State Gazette of the Republic of Indonesia of 1999 Number 66, Supplement to State Gazette of the Republic of Indonesia Number 3843) as last amended by Law Number 6 of 2009 on Establishment of Government Regulation in Lieu of

Law Number 2 of 2008 on the Second Amendment to Law Number 23 of 1999 on Bank Indonesia as a Law (State Gazette of the Republic of Indonesia of 2009 Number 7, Supplement to State Gazette of the Republic of Indonesia Number 4962);

2. Law Number 24 of 1999 on Foreign Exchange Flow and Exchange Rate System (State Gazette of the Republic of Indonesia of 1999 Number 67, Supplement to State Gazette of the Republic of Indonesia Number 3844);

HAS DECIDED:

To stipulate : BANK INDONESIA REGULATION ON AMENDMENT TO BANK INDONESIA REGULATION NUMBER 20/5/PBI/2018 ON MONETARY OPERATION.

Article I

Several provisions and elucidation of Articles of Bank Indonesia Regulation Number 20/5/PBI/2018 on Monetary Operation (State Gazette of the Republic of Indonesia of 2018 Number 60, Supplement to State Gazette of the Republic of Indonesia Number 6198) are amended as follows:

1. Provisions of Article 12 letter f remain unchanged but elucidation of Article 12 letter f is amended, and therefore, it reads as specified in the Article elucidation.
2. Article 69 is omitted.
3. Provisions of Article 73 paragraph (2) and paragraph (3) are amended and 1 (one) new paragraph, namely paragraph (4), is inserted, and therefore, it reads as follows:

Article 73

- (1) CMO participants who make Conventional OMO transactions in the foreign exchange market, other than term deposit with Bank Indonesia in foreign currencies and Foreign Currency SBBI, but fail to

meet their obligations as specified in Article 63 paragraph (4), must pay the relevant transaction value on the following business day after the transaction settlement date set forth in Article 63 paragraph (6) letter b.

- (2) In addition to the transaction value payment set forth in paragraph (1), CMO participants who make Conventional OMO transactions in the foreign exchange market in the forms of spot, forward, and/or swap, will also be sanctioned as follows:
  - a. written warning; and
  - b. payment obligation which is calculated based on:
    1. average Fed Fund rate applicable on the transaction settlement date plus margin of 200 (two hundred) basis points multiplied by  $1/360$  (one per three hundred sixty) for payment obligation settlement in United States dollars;
    2. average official rate issued by the relevant central bank or monetary authority applicable on the transaction settlement date plus a margin of 200 (two hundred) basis points multiplied by  $1/360$  (one per three hundred sixty) for payment obligation settlement in foreign currencies of non-United States dollars; or
    3. average Bank Indonesia rate applicable plus a margin of 350 (three hundred fifty) basis points multiplied by  $1/360$  (one per three hundred sixty) for payment obligation settlement in rupiah;
- (3) In addition to the transaction value payment set forth in paragraph (1), CMO participants who make Conventional OMO transactions in the foreign exchange market in the form of domestic non-deliverable forward, will also be sanctioned as follows:

- a. payment obligation in rupiah which is calculated based on the average Bank Indonesia rate applicable plus a margin of 350 (three hundred fifty) basis points multiplied by settlement obligation and multiplied by 1/360 (one per three hundred sixty), at least Rp10,000,000.00 (ten million rupiah) per transaction; and
  - b. temporary suspension to participate in Monetary Operation activities until the end of the day when the relevant Monetary Operation participant meets their obligation.
- (4) Settlement of the transaction value payment obligation set forth in paragraph (1) and the sanctions set forth in paragraph (2) and paragraph (3) will be implemented under the following provisions:
- a. Bank Indonesia will debit the foreign checking account of a CMO participant with Bank Indonesia for settlement of payment obligation in United States dollars and foreign currencies of non-United States dollars;
  - b. calculation of the payment obligation settlement in foreign currencies of non-United States dollars set forth in letter a shall use Bank Indonesia middle rate on the corresponding transaction settlement date; and
  - c. Bank Indonesia will debit the rupiah checking account of a CMO participant with Bank Indonesia for their payment obligation settlement in rupiah.
4. 1 (one) new Article, namely Article 75A, is inserted between Article 75 and Article 76, and therefore, it reads as follows:

Article 75A

- (1) If a transaction is called for three times within 6 (six) months, in addition to the sanctions set forth in Article 68, Article 72, and/or Article 74, a Monetary

Operation participant will also be imposed with temporary suspension sanction to participate in Monetary Operation activities for 5 (five) consecutive Business Days.

- (2) The temporary suspension sanction set forth in paragraph (1) will be exempted for unpaid:
- a. repo transactions relating to rupiah lending facility for a participant of Conventional Standing Facilities coming from intraday liquidity facility transactions; or
  - b. repo transactions relating to rupiah financing facility for a participant of Sharia Standing Facilities coming from sharia intraday liquidity facility transactions.

## Article II

This Bank Indonesia Regulation starts to take effect from its promulgation date.

For public recognition, it is hereby ordered this Bank Indonesia Regulation be promulgated in the State Gazette of the Republic of Indonesia.

Established in Jakarta  
on

BANK INDONESIA GOVERNOR,

PERRY WARJIYO

Promulgated in Jakarta  
on

MINISTER OF LAW AND HUMAN RIGHTS  
THE REPUBLIC OF INDONESIA,

YASONNA H. LAOLY

STATE GAZETTE OF THE REPUBLIC OF INDONESIA OF 2018 NUMBER 199

ELUCIDATION  
OF  
BANK INDONESIA REGULATION  
NUMBER 20/12/PBI/2018  
ON  
AMENDMENT TO BANK INDONESIA REGULATION NUMBER 20/5/PBI/2018  
ON MONETARY OPERATION

I. GENERAL

Article 7 of Law Number 23 of 1999 on Bank Indonesia as last amended by Law Number 6 of 2009 on Establishment of Government Regulation in Lieu of Law Number 2 of 2008 on the Second Amendment to Law Number 23 of 1999 on Bank Indonesia as a Law expressly sets forth that the objective of Bank Indonesia is to reach and maintain rupiah value stability.

To reach such objective, Bank Indonesia establishes and implements monetary policies, among others through issuance of domestic non-deliverable forward transaction as one of monetary instruments. Therefore, it is necessary to amend Bank Indonesia Regulation Number 20/5/PBI/2018 on Monetary Operation.

## II. ARTICLE BY ARTICLE

### Article I

#### Item 1

#### Article 12

##### Letter a

“Issuance of SBI, SDBI, and/or Foreign Currency SBBI” means selling of SBI, SDBI, and/or Foreign Currency SBBI by Bank Indonesia in the primary market.

##### Letter b

“Repurchase agreement (repo) transaction” means selling of securities by a Conventional OMO participant to Bank Indonesia with repurchase obligation by the Conventional OMO participant at the agreed price and in the agreed period.

“Reverse repo transaction” means purchase of securities by a Conventional OMO participant from Bank Indonesia with reselling obligation by the Conventional OMO participant at the agreed price and in the agreed period.

“Securities” mean SBI, SDBI, SBN, and other high quality and liquid securities as determined by Bank Indonesia.

##### Letter c

“Outright securities purchase and/or sale transaction” means purchase and sale of securities in an outright manner.

Securities may be in the form of SBN and other high quality and liquid securities as determined by Bank Indonesia.

##### Letter d

“Term deposit with Bank Indonesia in rupiah” means placement of a Conventional OMO participant’s fund in a termed manner with Bank Indonesia in rupiah.

##### Letter e

“Term deposit with Bank Indonesia in foreign currency” means placement of a Conventional OMO participant’s



fund in a termed manner with Bank Indonesia in a foreign currency.

Letter f

Purchase and sale of foreign currencies against rupiah are conducted among others in the forms of spot transactions, forward transactions, swap transactions, and/or domestic non-deliverable forward transactions.

Spot transaction means purchase or sale transaction of foreign currency against rupiah where fund transfer is conducted within 2 (two) Working Days after the transaction date.

Spot transaction includes transactions with same day foreign currency transfer (today) or 1 (one) Working Day after a transaction date (tomorrow).

Forward transaction means purchase or sale transaction of foreign currency against rupiah where fund transfer is conducted within more than 2 (two) Working Days after the transaction date.

Swap transaction means foreign currency exchange against rupiah through spot purchase or sale with forward resale or repurchase conducted simultaneously with the same counterpart and at the rate established and agreed on the transaction date.

Swap transaction in a tender method conducted between a CCB and Bank Indonesia may be deemed as a pass on of the CCB's derivative transaction position with its related party.

Domestic non-deliverable forward transaction means standard derivative transaction of foreign currency against rupiah (plain vanilla) in the form of forward transaction in a fixing mechanism conducted in the domestic market.

Fixing mechanism is transaction settlement mechanism without any principal fund movement by calculating the difference between forward transaction rate and the reference rate on a fixing date under a contract.

Letter g

Self-explanatory.

Item 2

Article 69

Omitted.

Item 3

Article 73

Self-explanatory.

Item 4

Article 75A

Self-explanatory.

Article II

Self-explanatory.

SUPPLEMENT TO STATE GAZETTE OF THE REPUBLIC OF INDONESIA  
NUMBER 6259